

## Message Text

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65

ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 FEA-01

DOT-00 /069 W

----- 120118

R 230927Z JAN 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6332

UNCLAS TOKYO 1077

E.O. 11652: N/A

TAGS: EGEN, JA

SUBJECT: ECONOMIC SPEECHES AT OPENING SESSION OF DIET

1. IN SPEECHES AT OPENING OF DIET JAN. 23 BOTH FINANCE MIN. OHIRA AND DEPUTY PRIME FUKUDA (WHO DELIVERED SPEECH IN HIS CAPACITY AS EPA DIR-GEN.) MADE NO MENTION OF NEED FOR A NEW ANTI-RECESSION PACKAGE, INDICATING THEY BELIEVE CURRENT GOJ FINANCIAL POLICIES ARE CORRECT AND THAT JFY 76 BUDGETARY INCREASES FOR PUBLIC WORKS AND EXPORT FINANCING, COMBINED WITH EFFECT ON JAPAN OF WORLD ECONOMIC UPSWING, WILL BE ADEQUATE TO ACHIEVE RECOVERY. FUKUDA FORECAST 5 - 6 PERCENT GROWTH RATE IN FY 76 AND REITERATED HIS PREVIOUS CHARACTERIZATION OF FY 76 AS THE FINAL YEAR OF TRANSITION FROM PRE-OIL CRISIS HIGH GROWTH TO STABLE, MODERATE GROWTH. HE STATED THAT A SIX PERCENT ANNUAL GROWTH RATE OVER NEXT FIVE YEARS IS DESIRABLE FOR ACHIEVING PROSPERITY WITHOUT INFLATION.

2. OHIRA WARNED THAT ACHIEVEMENT OF ONE DIGIT INFLATION TARGET FOR FY75 COULD NOT YET BE TAKEN FOR GRANTED AND STATED CONTINUING WATCH ON CONSUMER PRICES NECESSARY. FUKUDA SET FY 76 TARGET OF EIGHT PERCENT CPI INCREASE FOR EACH MONTH OVER SAME MONTH OF PREVIOUS YEAR. HE ADDED THAT ALTHOUGH GOJ COULD NOT CONTINUE TO TOLERATE VAST SUBSIDIES FOR DEFICIT-RIDDEN NATIONAL RAILWAYS  
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AND OTHER PUBLIC CORPORATIONS, INCREASES IN CHARGES FOR THEIR SERVICES WOULD HAVE TO BE GRADUAL TO AVOID REKINDLING INFLATION.

3. JAPAN'S BALANCE OF PAYMENTS, OHIRA NOTED, HAS IMPROVED  
SINCE WORST DAYS OF OIL CRISIS,BUT HE EXPRESSED DISSATISFACTION  
WITH LONG TERM CAPITAL TRANSACTIONS BALANCE AND STATED CONTINUING  
GOVERNMENT CONTROL OVER CAPITAL OUTFLOW WILL BE REQUIRED.  
SHOESMITH

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**Disposition Event:**  
**Disposition History:** n/a  
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